

WIRRAL COUNCIL

PENSIONS COMMITTEE

14 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

CONTRACTS FOR PROPERTY SERVICES

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to update Members on three contracts for property services in respect of property investments. Members are requested to agree an extension for the property valuation contract.

2. BACKGROUND

- 2.1. Merseyside Pension Fund has three major contracts for services in respect of investments in property. They cover the bi-annual valuation of direct properties, the Estate Management of those properties, and Strategic Property Investment Advice

3. DETAILS OF CONTRACTS

3.1. Property Investment Valuation

- 3.1.1. On 18 December 2003, the Pensions Committee awarded the above contract to Colliers CRE.
- 3.1.2. Subsequent to the awarding of this contact, I determined that for performance measurement purposes, a further valuation was necessary at the mid-year (end of September). This is a less intensive exercise than the March valuation at the end of the financial year which involves a visual inspection of each property. However, the more detailed March valuation forms the starting point for the September exercise. The first additional valuation took place in September 2005.
- 3.1.3. Originally it was expected that a new contract would be awarded, to commence with the March 2009 valuation. However, in view of the current volatility in the commercial property market, a consistent approach between valuations would provide MPF with additional assurance. It is therefore recommended that a one year extension to the existing contract be agreed, to cover the March and September 2009 valuations.
- 3.1.4 If agreed, I will initiate a tender exercise, for a new contract to commence with the March 2010 property valuation.

3.2. Property Estate Management

- 3.2.1. On 23 November 2004, the Pensions Committee awarded the above contract to CB Richard Ellis, for a four year period with an option of a maximum two year extension.
- 3.2.2. As I am satisfied with the current standard of performance, I propose to take up the option of the two year extension.
- 3.2.3. I shall therefore in due course initiate a tender process for a contract for property estate management to commence 1 February 2011.

3.3. Strategic Property Investment Advice

- 3.3.1. On 18 December 2003, the Pensions Committee awarded the above contract to Cordea Savills LLP. The current contract expires on 30 June 2009, and a procurement process has now commenced. It covers strategic advice on property investment in general, and detailed advice on sales and purchases of individual UK properties. It excludes advice on indirect property holdings which are managed by the in-house team

4. FINANCIAL IMPLICATIONS

- 4.1. The majority of the costs of these contracts are funded from the revenue budget. However, certain elements of costs may be capitalised as part of the purchase costs of a property, or shown as a cost against sale proceeds.

5. STAFFIING IMPLICATIONS

- 5.1. There are none arising directly from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

- 9.1. There are none arising directly from this report.

10. **PLANNING IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1. There are no specific implications for any Member or Ward.

12. **BACKGROUND PAPERS**

12.1. None were used in the preparation of this report.

13. **RECOMMENDATIONS**

13.1. That a one year extension to the Property Valuation contract, to cover the valuations due in March and September 2009 be agreed.

13.2. That Members note the take up of the additional two year option to 31 January 2011 of the Estate Management contract.

IAN COLEMAN
DIRECTOR OF FINANCE